

Evergreen Fire District Board of Trustees Meeting

Meeting Minutes
Special Board Meeting of December 19th 2018 – 5:30 pm

CALL MEETING TO ORDER:

Chairman Verworn calls meeting to order at 5:37 pm.

TRUSTEES PRESENT:

Jack Fallon
Randy DePaul
Dave Adams
Brodie Verworn

EFD PAID STAFF PRESENT:

Fire Chief Craig Williams
Fire Marshall Ben Covington

RECOGNIZE PUBLIC IN ATTENDANCE:

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|----------------|---------------|
| Cole Williams | Jackson Corne |
| Jack Knuffke | Jackie Smith |
| Irina Korchmar | Jared Pitcher |
| James Boyce | Wayne Evert |
| Amy Boyce | |

PUBLIC COMMENT:

At this time, public may comment on any public matter that is not on the Agenda of the Meeting and that is within the jurisdiction of the District.

PAST ITEMS/UPDATES:

1. Levy Discussion

Chief Williams states a survey had been sent out to the personnel of Evergreen Fire Department and have received the results back from the survey and it was discussed at the Department Business Meeting. Of the 47 surveys sent out, there were 27 responses which is a majority. There was also a majority in attendance at the meeting. Chief Williams states the survey asked personnel to rank 1 through 3 by order of importance; wages, health care, retirement; wages were most important to the majority of personnel followed by health care and then retirement. Fallon asks what the different colors indicate and Covington states that the color blue indicates the number 1 choice; 2nd choice orange and 3rd choice being gray. Chief Williams states that at the business meeting he used the \$650,000 range to begin plugging numbers into the spreadsheet Fallon had provided so that personnel could see what kind of benefits could be provided with that amount. The meeting resulted in targets of \$15.00 per hour for AEMT and \$18.00 per hour for Paramedics and \$500 per month for health

insurance and 5% for retirement which brought the levy amount to \$673,948.00. Verworn asks if the amount includes any money from ambulance revenue and Chief Williams states that it does. Verworn asks if personnel would be willing to forego benefits and retirement in the event the levy did not pass and Chief Williams confirms that they are willing to do so in order to keep their wages. DePaul asks if reducing benefits is legal and Chief Williams refers the question to Fallon who states it would be easier to do so with retirement depending on if a simple plan is being used with no administrative costs. He states it is easier to change the contribution level or discontinue the plan. He adds there is still a notification process and can't be done half way through a year. For example, process would be done at the end of a fiscal year; send out a notice by October or November 1st that the plan will be discontinued as of January 1st. Fallon states that whether it is health insurance or retirement, they are all policies and can be changed and can state the Department is no longer funding health insurance or retirement effective at a certain time or point down the road; at least a 3 or 6 month notification process out of fairness to the employees. Covington asks at what number of personnel is a business required to offer benefits and Fallon states 51 or more and then it becomes an employer liability or penalty. Verworn asks about Cobra and Fallon states if the plan is a group plan and is discontinued there is no Cobra. If there is a group plan and someone is terminated then they have to be offered Cobra by law. The likelihood is that EFD personnel will have individual plans or Market Place plans and individuals will be reimbursed. Chief Williams states that the bottom line is coming up with an amount the Board and the community can support. Fallon asks what contribution rate is expected; 5% or 3% for a retirement plan or are they expecting a health insurance contribution of \$500 or \$750? Chief Williams states the discussion focused on \$500 for healthcare contribution and then a 5% retirement. Fallon states going to a 5% retirement (a 457 plan) would warrant administrative costs of around \$2,000 set up fee for a 3rd party administrator to administer the contributions and any distributions which would also cost approximately \$2,000 per year. He states there are entities that may not have administrative costs but their investment selections are limited to only what they provide and that there are a lot of law suits that currently exist against employers because the limited selection does not satisfy an employer's fiduciary responsibility because the performance of their limited selections may not be as good as other choices. This means there needs to be a constant review of the choices and making sure that the choices meet certain parameters on cost and performance. He states that going with a 3% simple retirement plan there are no administrative costs. The employee could go and set up a simple account anywhere they wanted to as opposed to being limited. Covington asks if the employee bears any cost and Fallon states not with a simple 3% and that going to Whitefish Credit Union has zero cost; DA Davidson may be \$50 to \$100 per year; a mutual fund company could be \$10 to \$25 per year and would be an employee cost. Chief Williams asks Fallon if he knows what the cap percentage is before a retirement plan would no longer be a simple retirement plan and Fallon states it is anything over 3% employer contribution. The employee can contribute but not matched more than 3%. Chief Williams states that because retirement came in last of importance to personnel on the survey he doesn't expect a push for 5% retirement. Verworn asks how much 3% would change the targeted amount of \$673,948 at 5% retirement and Covington states it would take it down to about \$654,000. Chief Williams suggests taking the \$20,000 and applying it to healthcare instead of retirement. Fallon states that Trustees need to decide an implementation schedule and which is more important to implement first; retirement or health insurance and if they will both be implemented the same fiscal year. He adds that if retirement is implemented that participation needs to also be determined; simple retirement is a fixed amount of 3% and 5% retirement could have variables. Fallon states if a simple plan is implemented it needs to stay in place for 2 years but is not permanent and neither is a 457 plan permanent. James Boyce asks where the Market Place options are at and Fallon states there are typically 3 plans to choose from; Blue Cross Blue Shield, MT Health Co-op, and Pacific Source and all based on family size and income. Adams states that during the business meeting they researched those plans and found that \$500 may cover a premium of a family of 4 with no health issues but the

deductible was extremely high. Fallon asks if it was a Bronze, Silver or Gold Plan. Chief Williams stated he thought it was the Bronze Plan. Fallon states that it is more important to be looking at the Silver than the Bronze Plans because Bronze will always have a high deductible and eligible for an HSA. He states the Silver Plans will have some HSA's and some will not have HSA's and may have lower deductibles and lower maximum out of pocket expense. The Gold Plan is the premium plan that costs the most per month and may have an HSA but typically has low deductibles and co-pays. The premium schedules in the Silver Plans are typically 25% more than the Bronze Plans and Gold Plans will typically be 50% higher premiums. Chief Williams states that the max is what is budgeted for and before that can be done a 'final number' needs to be developed. Adams states that the majority is in favor of higher wages and Chief Williams asks Fallon to 'plug in' wages of \$15.50 range (not a starting wage) and \$18.50 range (Paramedic) with 19 personnel for number for health care contribution. Adams states the majority liked was wages at \$15 and \$18 with a \$500 health contribution and 5% retirement. Adams continues that as a Board member his thoughts are that due to retirement possibly being a long term liability for the District, he would rather see higher wages and pull that 5% back down to 3% or put the excess into health insurance contribution. Fallon asks if the wage ranges support increases due to automatic increases of 2% and 3%; a 3% increase on \$15.00 is \$15.45 and within 12 months the wages is already at \$15.50 range. He asks what difference does \$15 vs \$15.50 provide in the range of individuals who are in each of those categories; what is the weighted average for current and weighted average for July 1st if the levy passes (for example) and what is the effective date for adjustments. Chief Williams asks if there is any real bearing on when the District decides to implement the levy revenue and Fallon states that there is. He explains that if the District elects to go with implementing January 1st instead of July 1st, it could be an extra \$300,000 in the pool. Chief Williams states July 1st and Fallon agrees that would make sense. After discussion on what the wage range is currently and what it will be and what increases were expected (COLA and performance), Fallon states the question that needs to be answered is 'What is a responsible entry level wage for an EMT? And what is a responsible entry level wage for a Paramedic?' Boyce states that the numbers presented are entry level. Chief Williams states they are but they are not guaranteed; not everyone will automatically get those wages. Boyce asks why a max amount wouldn't be used and Fallon states because the average would always increase by 3% per year. Adams asks Fallon why \$673,984 is not the amount the Board is going to approve when it was submitted by Chief Williams after personnel concluded that is what would be needed after a business meeting. Fallon states because the weighted amount may be closer to the \$650,000 that would be the amount to request or it could be \$700,000 but there is no way to know unless the averages are determined. Covington states he has the current wages of all personnel available to 'plug in to' the spreadsheet. Adams suggests a starting wage for an EMT of \$13.00 to \$14.00 per hour. He states that someone with 5, 7, or 10 years experience should be make an entry level wage but rather \$16.00 per hour. Chief Williams states that he wants to be able to build in the longevity; senior firefighter being anyone with 5 years or more with EFD should get a quarter extra. Adams states the County pays one half of one percent per year. Personnel agree that a good starting wage for an entry level EMT is \$10.00 per hour; Paramedic starting wage is \$15.00. Averages of \$14 (\$13.88) and \$17 (\$16.88) are determined and Fallon asks Covington to plug in the amounts of \$14.50 and \$17.50 into the formula representing a 3% increase above \$14 and \$17 which comes out to be \$631,000. Fallon states that if the District wanted to pay a little bit more the wages could go to \$14.75 and \$17.75 and probably cover the \$650,000 difference. Fallon states that after going through the financial exercise he feels the target amount of \$650,000 is still an appropriate request. There is disagreement on the three dollar spread between EMT and Paramedic levels with majority thinking the spread should be greater. Fallon suggests leaving the EMT entry level at \$14.50 and raising starting Paramedic wage to \$18.00. Personnel conclude that the entry level for a Basic EMT is too high and change it to \$12.50 EMT and \$16.00 Paramedic. (plus \$.50 Officer increase) for \$17.75 brining the amount to \$654,000 with 3% retirement and \$600 health benefit range. Fallon states that maybe requested

amount of \$673,000 would pass with the levy but thinks the \$650,000 amount is still more palatable and marketable amount that will still allow room to work with the averages discussed. Fallon and Chief Williams agree that an additional \$4,000 (\$654,000 vs \$650,000) would not be a 'deal breaker' in regard to the levy request. Covington asks what number the Board wants written into the Resolution. Verworn addresses Fallon and asks if the amount of \$654,000 is a number he can get behind and support. Fallon states he doesn't think it will be balked at by the Committee. He states that there were some who thought the \$650,000 amount was too high while other members thought it was too low. He states the financial exercise he was going through was to say that \$650,000 was the number to go with but that he doesn't have a reason that he would be opposed for requesting a \$654,000. Fallon states that if the amount contributed to health benefits was \$575 vs \$600 it would bring the requested amount to \$648,000 and still be in the targeted amount. Chief Williams questions an amount such as \$650,000 appearing to be a blanket number number vs \$654,000 looking more like it was a 'derived and thought out' number. DePaul states his dissatisfaction with a Committee being able to tell the Department what their actual needs are but will support whatever number personnel deems enough to keep them and future employees in the District and not looking for a better wage. Chief Williams states the he will be asked by the public why he didn't put the amount of \$650,000 out there to begin with and states he will stick by his original request of \$1.1 million because the department needs have not changed; the \$650,000 (represents 38.83 mills with 12.55 mills going to CIP) is an amount the committee members and personnel came up with that the community can support. Fallon states that as a School District Board member they have always gone with rounded amounts; approximate amounts such as approximately \$500 health component; approximately 3% of wages will go to retirement; approximate starting ranges for EMT/Paramedic. Covington asks if it can be stated in one resolution and Fallon states that it can. He states the resolution is asking the voters to approve \$38.83 mills (approx. \$650,000) of which 12.55 mills will be set aside for CIP. DePaul and Chief Williams asks why CIP has to be stated and Fallon states if the voter is told 1/3 will go to CIP it may encourage the voter to vote 'yes' because it's guaranteed money towards equipment. Chief Williams states that his position is that he doesn't want to be locked into \$210, 000 going towards CIP if the District gets into a position of having to reduce personnel. He states if there is no one down here to run a brand new engine there's no point in locking that amount into CIP via mail ballot language especially when the Department/District has always been frugal and has never used CIP. DePaul is in agreement with Chief Williams. Chief Williams states he is completely in support of \$210,000 going to CIP with a mutual agreement that if personnel layoffs were eminent that the benefits would go and the last consideration would be 'pink slipping' employees. His concern is that the District could be laying off employees while banking \$210,000. He feels the amount should be able to be reduced correspondingly because there won't be any personnel to run the equipment. Fallon states that he feels it needs to be specified for the benefit of the taxpayer to realize that the District is committing to equipment replacement. Fallon states that the majority of the committee was in favor of having a specific mill amount identified in the language of the request and would be one of the strongest selling points to pass it. Verworn asks if the language could state 8 to 12.55 mills would go into CIP. Covington asks why put it to a mill value instead of leaving it at \$210,000 with the operational budget increasing 3% annually. Fallon states the \$210,000 is designed to take advantage of the 3% increase every year to keep up with inflation and at the end of 20 years (even though it's a 10 year program) the District would have a balance equivalent to the amount of income coming in on the twentieth year. Fallon states if he were to look at the tenth year of the schedule the District would be 'in the hole' by \$763,000 with only \$282,000 going into it which is the equivalent of \$210,000 currently. He states "We're in the hole by that amount and we're in the hole for another 7 years because it's not until the years 18, 19, and 20 that the District gets money because there aren't any large replacement equipment expenditures occurring years 15 through 20 (replacement lines based on paying cash.) Fallon states if the District had to borrow money in the 10th year, it would have to borrow \$38.000 to cover the debt that particular year. Over the 20 year period of time, the District

would have to borrow \$256,000; \$12, 800 per year on the average in order to make it work assuming a 5% annual financing cost. DePaul states the District could then qualify for grants because the District could show debt. Fallon states that if looking just at 10 years, it's all the more reason to consider selling Station 82 in order to get CIP funded to protect the ability to replace equipment in the next 10 years. Fallon states that is something that should also be told to the voters; keeping or selling Station 82 or that it is providing the District income because it's being rented out. Fallon states the resolution language could read 38.83 mills (approximately \$650,000) of which 12.55 mills (approximately \$210,000) would go to Capital Improvement Fund. All present Trustees agree with a requested amount of \$650,000; 10 year sun-setting levy. Covington states he will have the two resolutions written up for the January 7th meeting. Trustees confirm the next meeting of January 7th at 5:30 pm. Fallon states the District will be asking for an increase of \$41.15 (per thousand net impact) instead of \$52 (a \$10 to \$11 difference). Chief Williams asks if there would be an advantage to getting rid of the hydrant levy. Adams states it would be added to the requested levy. Fallon states that Adams is correct; if the hydrant levy doesn't go away then it would be added and increase the \$38.00. He states that he considers it currently to be a harmless. It was a discretionary permissive levy that did not require a vote of the people. The legislature got rid of it in the 70's because it was thought to be 'too liberal' but was grandfathered in. He adds that it technically should have gone away when the bond was paid off by the Sewer District in the 90's but has never gone away.

Adjourn.

Meeting adjourns at 8:04 pm

The President of the Board of Trustees, as presiding officer of any meeting of the Board of Trustees, may close the meeting during the time the discussion relates to a matter of individual privacy; and, then, if, and only if, the presiding officer determines that the demands of individual privacy clearly exceed the merits of public disclosure. The right of individual privacy may be waived by the individual about whom the discussion pertains; and, in that event, the meeting must be open.



Chairman Brodie Verworn



Secretary Dave Adams